



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill #	HB0844	Title:	Revise closed basin laws
Primary Sponsor:	Barrett, Debby	Status:	As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
Expenditures:				
General Fund	\$210,567	\$152,242	\$146,248	\$150,353
State Special Revenue	\$18,000	\$18,000	\$18,000	\$18,000
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$18,000	\$18,000	\$18,000	\$18,000
Net Impact-General Fund Balance	(\$210,567)	(\$152,242)	(\$146,248)	(\$150,353)

Description of fiscal impact:

HB 844 provides a mechanism for applicants of new appropriations of water to develop and utilize mitigation plans to offset adverse affect to senior water rights. In addition, requires an interim committee of the Legislature to conduct a study to analyze the water supply and assess water availability in the closed basins of the Upper Missouri River basin, and to examine water permitting process particularly for groundwater in closed basins and provides an appropriation for the study. Section 10 (2) of the bill appropriates \$50,000 general fund to the Legislative Services Division (LSD) for the purpose of performing the study. Section 10 (1) of the bill appropriates \$20,000 general fund to the Bureau of Mines and Geology for the biennium beginning July 1, 2007 for the purpose of collecting and monitoring well data.

FISCAL ANALYSIS

Assumptions:

Department of Natural Resources and Conservation (DNRC)

1. Assume that 50 groundwater applications are received per year.

2. Assume 90% or 45, of the groundwater applications will require change applications to mitigate or offset adverse affects to senior water rights.
3. The DNRC would require and additional 3.00 FTE including: 2.00 FTE band five water resource specialists at a cost of \$88,634 to process the increase in change applications and 1.00 FTE band six surface hydrologist at a cost of \$54,724 for hydrologic analysis of application mitigation plans.
4. Assume operating expenses in FY 2008 of \$25,209 including network hookups, computers, office equipment, software, supplies, phone, postage, travel, and rent and \$16,884 in FY09 for all of the prior listed expenses excluding computers, software and office equipment.
5. Assume 2.5% inflation factor in fiscal years 2010 and 2011.
6. Assume water right filing fees will fund an amount equal to the revenue received.
7. Assume this legislation will increase the number of applications received by 45 at \$400 per application, generating additional state special revenue of \$18,000 each year.

Legislative Branch (LEG)

8. The study would be assigned to an appropriate interim committee.
9. Personal services and operational costs related to interim committee meetings would be paid from committee appropriations contained in Section 10 (2) of the bill.
10. The \$50,000 appropriation provided to the LSD would allow the committee and staff to complete the work defined in subsections (c), (d) and (e) in section 9 of the bill.
11. In order to complete the water supply analyses and availability assessment required in subsections (a) and (b) in section 9 of the bill, the LSD would contract with topic experts. Estimates to complete the work, as obtained by LSD, range from \$1.5 to \$2 million. It is improbable the analyses could be adequately completed within appropriations provided in this bill.

Office of the Commissioner of Higher Education (OCHE)

12. On July 1, 2007, there is appropriated \$20,000 from the general fund to the Bureau of Mines and Geology for the 2009 biennium.
13. In FY 2008 and FY 2009, \$10,000 per year will be spent in personal services to fund a computer programmer (hired for approximately 8.5 weeks each year at an estimated salary of \$30/hour including benefits) to program, maintain and develop reports for the ground water information center database.

Department of Environmental Quality (DEQ)

14. Time required attending interim committee meetings will be absorbed by current staff.
15. This bill has no fiscal impact to the Department of Environmental Quality.

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<u>Fiscal Impact:</u>				
DNRC				
FTE	3.00	3.00	3.00	3.00
<u>Expenditures:</u>				
Personal Services	\$143,358	\$143,358	\$146,942	\$150,616
Operating Expenses	\$25,209	\$16,884	\$17,306	\$17,739
TOTAL Expenditures	\$168,567	\$160,242	\$164,248	\$168,355
<u>Funding of Expenditures:</u>				
General Fund (01)	\$150,567	\$142,242	\$146,248	\$150,355
State Special Revenue (02)	\$18,000	\$18,000	\$18,000	\$18,000
TOTAL Funding of Exp.	\$168,567	\$160,242	\$164,248	\$168,355
<u>Revenues:</u>				
State Special Revenue (02)	\$18,000	\$18,000	\$18,000	\$18,000
LEG				
<u>Expenditures:</u>				
Operating Expenses	\$50,000	\$0	\$0	\$0
<u>Funding of Expenditures:</u>				
General Fund (01)	\$50,000	\$0	\$0	\$0
OCHE				
FTE	0.33	0.33	0.00	0.00
<u>Expenditures:</u>				
Personal Services	\$10,000	\$10,000	\$0	\$0
<u>Funding of Expenditures:</u>				
General Fund (01)	\$10,000	\$10,000	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$210,567)	(\$152,242)	(\$146,248)	(\$150,355)
State Special Revenue (02)	\$0	\$0	\$0	\$0

Technical Notes:**Department of Natural Resources and Conservation (DNRC)**

1. It is unknown if any DNRC staff will be providing assistance to the interim committee in conducting their water availability and permitting study in closed basins.
2. There may be duplication of study efforts if HB 304 Water Policy Interim Committee is passed.

Legislative Branch

3. Section 9 of the bill requires the interim committee to finalize work and report to the 61st Legislature. A scientifically defensible analysis of the water supply in the closed basins of the Upper Missouri River

basin and an assessment of how groundwater development is affecting water availability in the basins cannot be completed in the given time frame.

4. Under joint rule 40-65 of the rules of the Montana Legislature a bill including a request for an interim study may not be transmitted to the Governor unless the bill contains an appropriation sufficient to conduct the study. The \$50,000 appropriation to the Legislative Services Division contained in HB 844 is insufficient to fund the study as described in the bill.

Sponsor's Initials

Date

Budget Director's Initials

Date